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IWG/AM-17
Control No. 446451
2 December 1953

MEMORANDUM FOR: IWG

SUBJECT : The Problem of Providing Intelligence for Licensing
Consumer Goods to European Satellites

1. Reference is made to a memorandum of 27 October 1953 to IWG members which transmitted a proposed IWG case on "Identification of Consumer Goods for Licensing to the Satellites". This memorandum stated that "CIA has undertaken the selection of consumer items which are in short supply in the European satellites". The IWG Secretariat has now been furnished a report on the consumer goods situation in the Soviet Satellite area which lists the following items as being in shortest supply in the satellites and most directly affecting the satellite standard of living: meat, edible fats and oils, eggs, milk, textile goods, clothing, and leather shoes. Additional consumer goods indicated in short supply but of less importance are soap, drugs, and household wares.

2. This study constitutes an important step toward the development of a list of consumer goods for licensing to the satellites. It will probably be necessary, however, to determine more specifically which item or items within certain of these categories would be of particular significance to specific countries for this program. For example, it may be necessary to indicate the specific kind or kinds of meat -- beef, pork, or mutton -- fresh, salted, or canned -- most suitable for each country. Similarly, with respect to textiles and clothing, specific items which would best meet the needs or desires of each area may have to be spelled out. Furthermore, consideration probably should be given to certain other items such as tobacco and cigarettes, which in fact now constitute the principal exports from the US to two of the European satellites, and possibly to many luxury and semi-luxury items.

3. Before additional work on this project, including a further refinement of the list in paragraph 1, is undertaken, guidance is requested from the IWG, particularly on the following:

a. Is this proposed program of liberalized licensing being considered principally because of its potential propaganda benefits, or is propaganda a secondary aim with an increase in the magnitude of

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"non-strategic" trade between the Western world and Soviet bloc the primary objective?

b. What specific criteria are to be employed by intelligence agencies in the preparation of a detailed list of commodities for licensing to the bloc? In this regard, EDAC D-59 recommends use of the following: scarcity in the bloc, identifiable as commodities of US origin, and not in surplus in the US. The CIA list was formulated solely on the basis of short supply in the European satellites.

c. A detailed listing of those commodities now being licensed to the bloc would be particularly helpful. Also a detailed listing of items for which licenses have been denied for shipment to the bloc.

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Executive Secretary
Intelligence Working Group

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